

## SENATE BILL NO. 148

INTRODUCED BY C. SQUIRES

BY REQUEST OF THE STATE AUDITOR

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5 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE DETAIL RELATED TO THE EXPLANATION OF  
6 CHARGES THAT AN INSURER, HEALTH SERVICE ORGANIZATION, OR HEALTH MAINTENANCE  
7 ORGANIZATION THAT ISSUES POLICIES, CERTIFICATES, MEMBERSHIP CONTRACTS, OR SUBSCRIBER  
8 CONTRACTS LIMITING PAYMENT OF HEALTH CARE SERVICES BASED ON A USUAL, CUSTOMARY, AND  
9 REASONABLE STANDARD IS REQUIRED TO PROVIDE TO AN INDIVIDUAL WHO APPLIES FOR  
10 INSURANCE COVERAGE; DEFINING "USUAL, CUSTOMARY, AND REASONABLE"; AMENDING SECTION  
11 33-15-308, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

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13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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15 **Section 1.** Section 33-15-308, MCA, is amended to read:

16 **"33-15-308. Explanation of charges -- usual, customary, and reasonable standard defined.** (1) An  
17 insurer, health service corporation, or health maintenance organization that issues policies, certificates,  
18 membership contracts, or subscriber contracts for delivery in this state ~~on or after January 1, 2000~~, and that  
19 limits payment of health care services based on standards described as usual, ~~and~~ customary, ~~and~~ reasonable  
20 ~~and customary, prevailing fee, allowable charges, a relative value schedule, or other comparable terms~~ shall  
21 include; and conspicuously display displayed in the schedule page any document summarizing coverage or  
22 elsewhere in the policy, certificate, membership contract, or subscriber contract:

23 ~~(1)(a)~~ (1)(a) a definition of the term or terms and an explanation of how the limitation of payment based on  
24 the term or terms is derived;

25 ~~(2)(b)~~ (2)(b) ~~if the standard of the term or terms is derived by the use of a database;~~ a description of ~~the~~ any  
26 database ~~reasonably calculated to inform the insured or certificate holder of the method used to define~~ used to  
27 calculate the usual, customary, and reasonable payment and a description of the geographic area or  
28 ~~demographic area from which the data~~ demographics contained in the database that are used to determine the  
29 ~~term or terms is derived~~ usual, customary, and reasonable payment; and

30 ~~(3)(c)~~ (3)(c) a statement informing the insured that the ~~insured's health care provider may charge more than~~

1 ~~the limits established by the defined terms and that the additional charges may not be covered by the policy,~~  
2 ~~certificate, membership contract, or subscriber contract insurer's usual, customary, and reasonable payment may~~  
3 ~~be less than the actual charges billed by the health care provider and that the insured may be responsible for~~  
4 ~~any unpaid balance owing to the provider.~~

5 (2) The information required in subsections (1)(a) through (1)(c) must be provided to the individual at  
6 the time of application.

7 (3) An insurer may use only one type of usual, customary, and reasonable standard for a particular  
8 insurance product. The standard must be consistently applied to all individuals covered under that product. This  
9 subsection does not prohibit an insurer from negotiating claims with providers on a case-by-case basis if the  
10 outcome benefits the insured individual.

11 (4) An insurer shall provide to the commissioner any information that the commissioner may request  
12 regarding the calculation and payment of a usual, customary, and reasonable claim within 10 working days from  
13 receipt of the request. The information must be treated as confidential if the commissioner determines that  
14 privacy protections available under state law are applicable.

15 (5) As used in this section, "usual, customary, and reasonable" means any standard that is used to  
16 define payment of a health care services claim, including but not limited to terms such as "usual and customary",  
17 "reasonable and customary", "prevailing fee", "allowable charges", "a relative value schedule", and "relative  
18 based reimbursement value system".

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20 NEW SECTION. Section 2. Effective date. [This act] is effective January 1, 2004.

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